

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: COLUMBIA NATURAL RESOURCES,)	DIVISION OF
INC.)	GAS AND OIL
)	
RELIEF SOUGHT: EXCEPTION TO STATEWIDE)	DOCKET NO.
SPACING LIMITATIONS)	00-0321-0786
PRESCRIBED BY VIRGINIA)	
CODE § 45.1-361.17(A)(2))	
)	
LEGAL DESCRIPTION:)	
)	
WELL NUMBER CNR 24073)	
GALLIE RAINES, ET AL 65 ACRE TRACT)	
PRATER QUADRANGLE)	
PRATER MAGISTERIAL DISTRICT)	
BIUCHANAN COUNTY, VIRGINIA)	

REPORT OF THE BOARD

FINDINGS AND ORDER

1. Hearing Date and Place: This cause came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on March 21, 2000, at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Room 240, Abingdon, Virginia.
2. Appearances: James E. Kaiser of Wilhoit & Kaiser, appeared for the Applicant, and Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Notice and Jurisdiction: The Board finds that it has jurisdiction over the subject matter. The Board also finds that the Applicant has exercised due diligence to locate and provide notice to all persons listed in Exhibit B.
4. Relief Requested: Applicant requests an exception to the statewide spacing requirements set forth in Va. Code § 45.1-361.17 for Well Number CNR 24073 for Applicant's development and operation of Conventional Gas (herein "Gas" or "Conventional Gas") from all formations above the top of the coniferous including, but not limited to the Maxon, Big Lime, Berea and Devonian Shale, from surface to total depth

drilled of 6,051 feet, excluding coalbeds and rock strata associated therewith ("Subject Formations"). Applicant requests the Board's consent to drill Well Number CNR 24073 2,233.98 feet from existing CNR Well Number 23606 at the location depicted on Exhibit A hereto.

5. Amendment: None

6. Reasons Relief Should be Granted: Evidence presented on behalf of the Applicant shows, and the Board finds that:

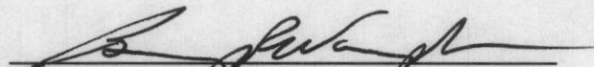
- (1) The proposed Well CNR 24073 is located on the Gallie Raines et al 65-acre tract, and the coal and surface owners have consented to the well location depicted on the Plat attached hereto ("Plat").
- (2) The Applicant represents it has the right to operate and develop the reciprocal Well 23606 has all adjacent Gas interests under lease, and that the granting of the application will not impact the correlative rights of any person.
- (3) An expert witness testified that the location exception was necessary due to constraints imposed by the surface owner, and that the granting of the location exception was in the best interest of preventing the waste of 400 mmcf of Conventional Gas reserves, protecting correlative rights and maximizing recovery of Conventional Gas underlying the drilling unit depicted on the Plat.

7. Relief Granted: The requested relief in this cause be and hereby is granted allowing the Applicant to permit and drill Well Number CNR 24073 2,233.98 feet from existing CNR Well 23606 at the location depicted on the Plat.

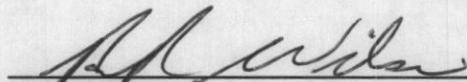
8. Findings: That the well location exception is needed in order to prevent the waste of 400 mmcf of Conventional Gas reserves, to protect correlative rights and to generally effect the purposes of the Virginia Gas and Oil Act.

9. Effective Date: This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 27th day of April, 2000, by a majority of the Virginia Gas and Oil Board.


Chairman, Benny R. Wampler

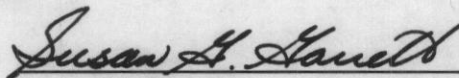
DONE AND PERFORMED this 2nd day of ~~April~~^{MAY}, 2000, by order of this Board.



B. R. Wilson
Principal Executive to the Staff
Virginia Gas and Oil Board

STATE OF VIRGINIA)
COUNTY OF WISE)

Acknowledged on this 27th day of April, 2000, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny Wampler, being duly sworn, did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

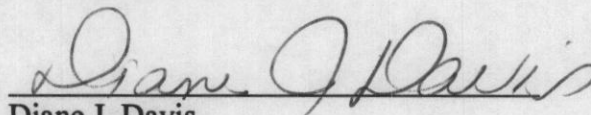


Susan G. Garrett
Notary Public

My commission expires: July 31, 2002

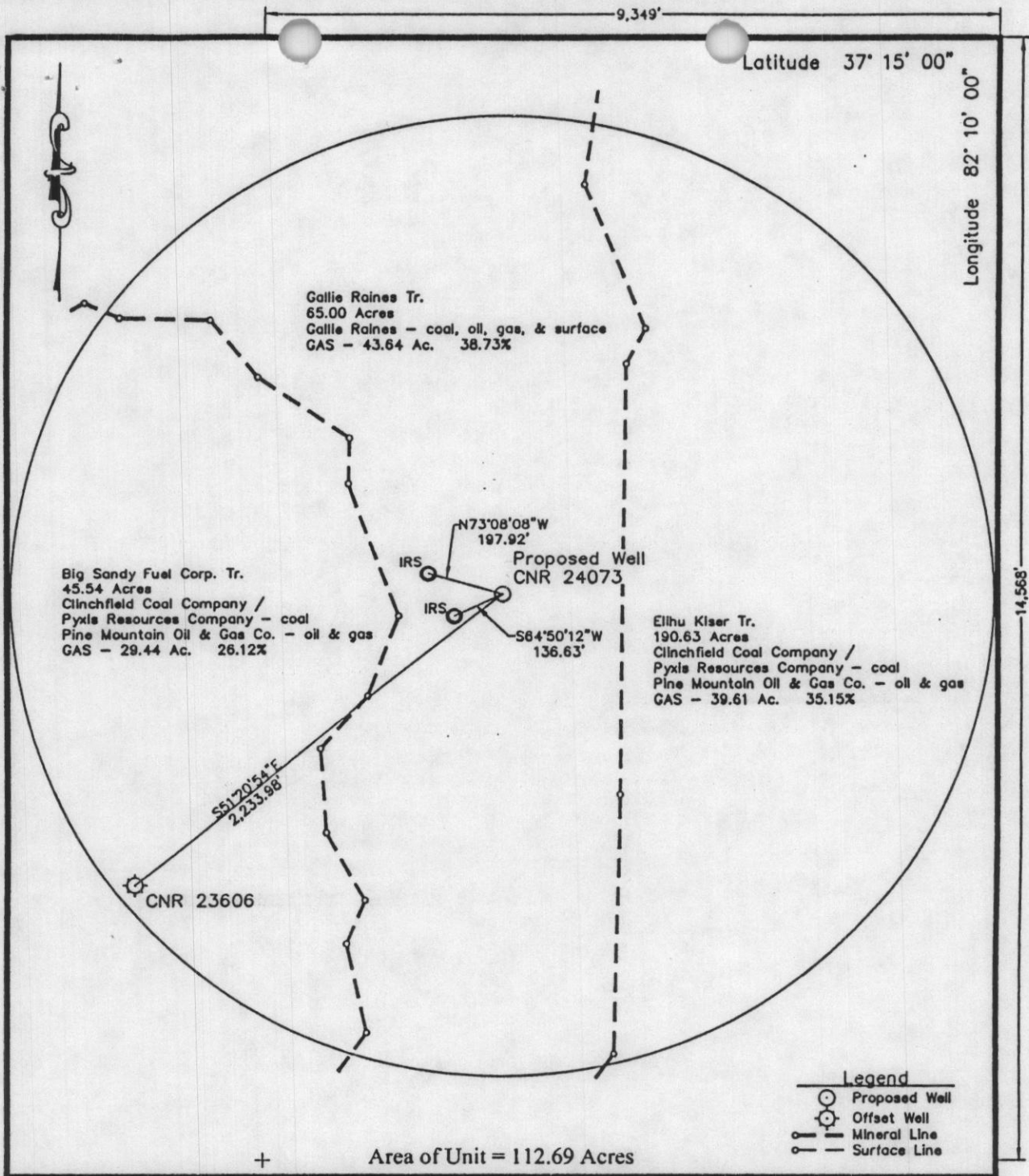
STATE OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 2nd day of ~~April~~^{MAY}, 2000, personally before me a notary public in and for the Commonwealth of Virginia, appeared B. R. Wilson, being duly sworn, did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Diane J. Davis
Notary Public

My commission expires: September 30, 2001



WELL LOCATION PLAT

COMPANY: Columbia Natural Resources, Inc. WELL NAME OR NUMBER: 24073
TRACT NUMBER: Gallie Raines QUADRANGLE: Prater
DISTRICT: Prater
WELL COORDINATES (VIRGINIA STATE PLANE): N - 340,276.48 E - 923,117.92
ELEVATION: 1,920.65 METHOD USED TO DETERMINE ELEVATION:
G.P.S. Observation from Cindy Monument
COUNTY: Buchanan SCALE: 1" = 400' DATE: 01-10-2000
THIS PLAT IS A NEW PLAT X ; AN UPDATED PLAT ; OR A FINAL LOCATION PLAT

+ Denotes the location of a well on United States Topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown (optional).

Licensed Land Surveyor (Affix Seal)

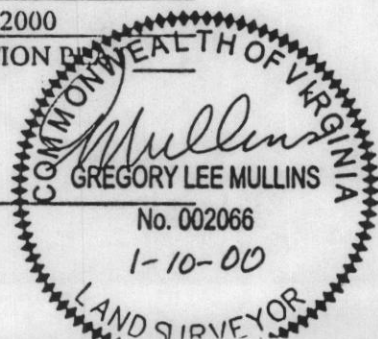


EXHIBIT B

Pyxis Resources Company
P.O. Box 5100
Lebanon, VA 24266
Attn: Larry Cline

Pine Mountain Oil & Gas
P.O. Box 5100
Lebanon, VA 24266
Attn: Richard Brillhart

Mr. and Mrs. Carl Eugene Raines
Route 1, Box 491-I
Vansant, VA 24656

Gallie Raines
Route 1, Box 491-I
Vansant, VA 24656